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5 Americans Caught by KGB

Since CIA Ex-Agent Sold Data

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At 9:15 p.m. on May 7, in the yard of Apartment Block No. 22 on Moscow's Malaya Priogovskaya street, a blue-jeaned American named Eric Sites strolled past carrying a rolled-up newspaper. Sites, who worked for the U.S. Embassy's military attache office and whose wife was waiting in a nearby embassy car, hoped to rendezvous with a Soviet citizen who had been recruited by the Central Intelligence Agency.

Instead, Soviet KGB secret police agents swooped down on Sites, arrested him and quickly expelled him from the Soviet Union as *persona non grata*, according to an account in the Soviet government newspaper Izvestia.

Sites was at least the fifth American official caught red-handed at espionage in the Soviet Union since Edward L. Howard, a disgruntled former CIA employe, began selling secrets to the KGB in 1984, according to several U.S. government sources. Three of the officials, who are named by Izvestia, are confirmed by the State Department, which previously had acknowledged only one of the arrests.

Howard had been trained with his wife between January 1981 and early 1983, to handle U.S. agents in Moscow. After being briefed on some of the names and identities of those agents, however, Howard indicated deception in a polygraph test, was pulled from the Moscow assignment and eventually fired from the CIA. Identified as a Soviet espionage agent last summer, Howard outwitted the Federal Bureau of Investigation and fled the United States in a case that attracted considerable publicity, including a lengthy article in The Washington Post May 30 on Howard's background.

American officials are now concluding that Howard is "the worst intelligence loss in years," as one informed official put it, and the "worst foul-up by U.S. agencies."

The betrayal has left U.S. intelligence operations in Moscow "in shambles," according to another U.S. official, and deeply shaken the FBI's counterintelligence program and the CIA's personnel policies.

After several internal investigations and a sharply critical inquiry by the president's Foreign Intelligence Advisory Board, the CIA has begun a series of personnel reforms. Letters of reprimand have been issued to several CIA and FBI officials.

Two months before Sites was caught, the Soviets picked up Michael Sellers, a second secretary in the U.S. Embassy in Moscow and expelled him. "What is unusual," one source familiar with the Howard case said, "is how right the Soviets have been in their actions."

The first to be caught after Howard initially talked to the KGB was Paul M. Stambaugh, also a second secretary in the Moscow embassy. He was picked up in February 1985, as he was meeting his agent, a Soviet aviation engineer named A.G. Tolkachev.

Tolkachev, who apparently was executed, was one of a still-undisclosed number of Soviet citizens acting as U.S. agents in Moscow who have recently disappeared, according to several sources. "They are 'rolling up' people," said one source, who added that since Howard fled it has been harder to trust the agents still remaining.

"It will be years before things can be put back together," he said. For example, the methods used by CIA agents to arrange meetings and exchange information with Soviet contacts evolved over many years—periodically reviewed in Moscow by FBI agents—and must be restructured, according to intelligence sources.

In the United States, the CIA and FBI are trying to remedy the weaknesses exposed by the Howard case, which some intelligence experts see as a classic example of

how not to recruit, fire and keep track of an agent. After Howard had been with the CIA for two years, an investigation of his background turned up a history of lying, drinking, womanizing and drug use. After he was fired and began a new job in Santa Fe, N.M., Howard also took repeated trips overseas, displayed Soviet souvenirs and a new-found wealth, all apparently without arousing CIA or FBI suspicions.

In an apparent effort to improve its image, the FBI held a widely publicized news conference June 20 announcing the arrest and expulsion of the senior Soviet air attache in Washington for trying to purchase secret documents from an Air Force officer. FBI spokesmen detailed the operational techniques used by Col. Vladimir Izmaylov and took credit for hampering further Soviet operations.

But several experienced U.S. intelligence sources said the unusual publicity given that case was largely the result of the CIA's determination to counter the impact of the Howard case and the bureau's desire to trumpet its successful investigation.

One former intelligence officer called the public revelation a "really dumb move" that ended what could have been a useful, long-term counterintelligence operation and may have put "good [U.S.] people in jeopardy in Moscow" if the Soviets decide to retaliate by kicking out a U.S. military attache.

President Reagan has yet to approve his intelligence advisory board's study of the Howard case, which was supervised by Anne L. Armstrong, the panel's chairman.

A preliminary draft, which detailed shortcomings in the CIA's recruitment of Howard and his subsequent handling by the agency and the FBI, caused CIA Director William J. Casey to set aside the initial in-house agency investigation, ac-

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cording to sources. A second CIA inquiry, by the agency's inspector general, identified not only weaknesses in the system but also specified failures by individuals.

In the wake of these inquiries, several changes are in motion, sources said.

New recruits are being more closely screened for past drug and alcohol use and other potential personal problems or disorders. The agency is not, however, taking a new look at individuals brought into the covert program at the same time as Howard, congressional sources said.

At least one CIA ex-operative, who was a contemporary of Howard's in the agency, is under investigation by the FBI because of questionable financial dealings, according to informed sources. Some past and current members of the two congressional Select Intelligence committees believe there should be a reexamination of all those hired during the 1981-83 period.

The agency is also reinstating a policy, dropped during the Carter administration, of not immediately firing unsatisfactory employees who are involved in covert or otherwise secret operations. The practice of "drying out" or "putting on the beach" such operatives by giving them jobs that involve less sensitive material is being reinstated so that when they are released their knowledge of highly classified material would be more dated.

In addition, departing employees in the future will be given extensive counseling, and follow-up contacts will be maintained. Although Howard underwent psychiatric care paid for by the agency, his only contact with CIA employees after his firing occurred in late 1984 over a legal action he filed with the Labor Department regarding his discharge, sources said. He told those former colleagues at the time that he had contemplated going to the Soviet Embassy in 1983 to sell information, but hadn't followed through, according to sources.

This admission came to the agency's attention in late 1984, but did not cause the CIA to put Howard on any watch list, in part because "he was considered so pro-Ronald Reagan that he would never sell out his country," said one source familiar with the case.

The information was also withheld from the FBI because the CIA had been criticized for circulating personnel information too freely in the past. In the 1950s, 1960s, and early 1970s, CIA's counterintelligence operations undertook many investigations of former agents and employees in the United States, which included extensive use of wiretaps. House and Senate inquiries into the CIA in the 1970s criticized this practice and sharply limited the agency's domestic investigations thereafter.

The first hint that Howard was working for Moscow came from Vitaly Yurchenko, a KGB officer who defected July 27, 1985, and gave the CIA descriptions of two American agents who were giving information to the KGB.

Because Yurchenko did not know Howard's name, the KGB officer described a former CIA agent who had been scheduled to go to Moscow and who later met with KGB officials in Austria in September 1984. Yurchenko also said this person was the only current or former CIA agent ever recruited by the KGB.

CIA officials immediately suspected Howard and "panicked," according to one source.

They asked the FBI to arrest him, but at the same time underplayed Howard's importance. He was initially described to the FBI as a disgruntled recruit; nothing was said about his Moscow assignment or his access to highly classified material and training in counterintelligence techniques.

The FBI, which also has been working under stricter guidelines since the 1970s' congressional investigations, said it could not get an arrest warrant for Howard without some evidence that a crime had been committed. The bureau decided to watch Howard to see who his associates were and what he was doing.

The intelligence advisory board report criticizes the CIA for hiding the significance of the information Howard was in a position to disclose, but then comes down hard on the failures of the FBI in its investigation, according to sources familiar with the report.

In describing the Howard case to the House and Senate intelligence committees, FBI Director William

H. Webster "has admitted his agents screwed up," one legislator said recently.

Howard, for example, realized he was under FBI investigation in mid-August last year, shortly after agents began watching him, according to sources familiar with the case. On a trip to Seattle, sources said, Howard and his wife practiced the countersurveillance techniques they had learned during CIA training and apparently discovered they were being followed.

When Howard returned to Santa Fe from that trip, he took made several moves that, in retrospect, suggest he knew he was under suspicion.

For instance, he bought a radio scanner and said he wanted "to listen to police and FBI broadcasts," a former neighbor said recently. In addition, after an FBI agent who lived close to Howard moved out of the Santa Fe suburban development named El Dorado, that house became the bureau command center for the investigation, neighbors said.

Howard also stepped up a search for a new job overseas, according to a neighbor, and took out an expensive life insurance policy. He also gave gold Kruggerands purchased in Europe to a local brokerage firm to start an annuity program for his 3-year-old son.

Last Sept. 20, FBI agents confronted Howard and accused him of peddling secrets, according to sources. Howard initially put them off by saying he wanted to see a lawyer; later he agreed to cooperate, sources said.

The next day, allegedly with the help of his wife, he evaded the FBI and fled. His whereabouts are unknown.

Bureau officials will not discuss the case, but an inexplicable coincidence is that on Sept. 20, the same day the FBI confronted Howard, the Soviet news service Tass published an article about the arrest and expulsion of Stambaugh in Moscow, which had taken place more than seven months earlier.

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